

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 06298 01 OF 03 171813Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NRC-05
GSA-02 /103 W

-----171831Z 117889 /43

R 171800Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0336
INFO ALL EC CAPITALS
ERDA GERMANTOWN
ERDA WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 06298

USEC, ALSO PARIS FOR OECD

E.O. 11652: GDS
TAGS: EEC, ENRG, TECH
SUBJ: EC ENERGY COUNCIL, JUNE 14, 1977: RESULTS

REFS: (A) BRUSSELS 5961; (B) EC BRUSSELS 5145; (C) EC
BRUSSELS 3213; (D) EC BRUSSELS 5535; (E) ECA-235

1. SUMMARY: AS EXPECTED, THE JUNE 14 SESSION OF THE
EC ENERGY COUNCIL PRODUCED NO DECISIONS. HIGHLIGHTS OF
COUNCIL DISCUSSIONS ON EACH AGENDA ITEM ARE SET FORTH
BELOW. END SUMMARY.

2. PROGRESS REPORT ON COUNCIL WORK PROGRAM

(A) ACCORDING TO A UK PERM REP OFFICIAL, THERE WAS NO
DISCUSSION OF THE COUNCIL SECRETARIAT'S PROGRESS REPORT
THE COUNCIL'S WORK PROGRAM FOR THE FIRST HALF OF
1977. DUTCH MINISTER FOR ECONOMIC AFFAIRS LUBBERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 06298 01 OF 03 171813Z

RECALLED THAT HIS GOVERNMENT HAD PUT FORWARD A PAPER ON
ENERGY PRICING POLICY AT THE OCTOBER 1976 ENERGY COUNCIL,
ARGUING THAT EC ENERGY PRICES SHOULD BE BROUGHT UP TO
OIL PARITY. HE STRESSED THE NEED FOR PROGRESS IN THE
STUDY OF ENERGY COSTS, IN VIEW OF THEIR IMPLICATIONS FOR
ENERGY POLICY. THE COUNCIL SIMPLY TOOK NOTE OF LUBBERS'
STATEMENT AND OF THE FACT THAT THE COMMISSION INTENDS TO

SUBMIT A DETAILED STUDY ON ENERGY PRICING TO THE ENERGY COMMITTEE AT THE BEGINNING OF JULY. LUBBERS LATER TOLD REPORTERS THAT, AMONG OTHER RECOMMENDATIONS, HIS GOVERNMENT FAVORED ELIMINATION OF PREFERENTIAL POWER RATES FOR INDUSTRY.

(B) UNDER THE RUBRIC OF OTHER BUSINESS, THE MINISTERS BRIEFLY DISCUSSED PRESIDENT CARTER'S ENERGY POLICY. ACCORDING TO A PERM DEL OFFICIAL, UK SECRETARY OF STATE FOR ENERGY BENN (THE COUNCIL PRESIDENT) TOLD HIS COLLEAGUES THAT HE HAS THE IMPRESSION THE PRESIDENT'S PROPOSALS ARE RUNNING INTO STRONG CONGRESSIONAL AND INTEREST GROUP (OIL COMPANY) OPPOSITION AND THAT THE OIL COMPANIES ARE CHALLENGING THE ACCURACY OF THE CIA REPORT ON THE INTERNATIONAL ENERGY SITUATION. BENN SAID THE EC HAS TO SHOW THAT IT CAN DO SOMETHING ON ENERGY POLICY AND SUGGESTED THAT THERE IS A NEED FOR GREATER ENERGY CONSULTATIONS WITH THE EAST EUROPEANS. ITALIAN INDUSTRY MINISTER DONAT CATTIN COMMENTED IT "WOULD BE APPROPRIATE" FOR THE EC "TO WORK OUT A COMMON POLICY" ON THE U.S. ADMINISTRATION'S PROPOSALS (THOUGH OUR UK SOURCE INDICATED THERE WAS WIDESPREAD UNCERTAINTY IN THE COUNCIL OVER WHAT WAS INTENDED BY THIS SUGGESTION). AT HIS POST-COUNCIL PRESS CONFERENCE, BENN TERMED THE PRESIDENT'S POLICY "BOLD AND BRAVE" BUT TOLD REPORTERS THERE WAS NOT LIKELY TO BE "MUCH LEFT" OF IT AFTER ITS PASSAGE THROUGH CONGRESS.

(C) AT THE CONCLUSION OF DISCUSSION UNDER THIS AGENDA ITEM, THE COUNCIL AGREED TO BENN'S PROPOSAL THAT ALL FUTURE ENERGY COUNCILS SHOULD INCLUDE DISCUSSIONS OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRUSSE 06298 01 OF 03 171813Z

THE EC AND WORLD-WIDE ENERGY SITUATIONS.

3. NUCLEAR PROBLEMS

(A) GENERAL: ACCORDING TO A UK PERM REP OFFICIAL, THE MINISTERS ENGAGED IN A RAMBLING DISCUSSION OF NUCLEAR PROBLEMS, BASED ON THE COMMISSION'S PAPER (REFTEL A), BUT TOOK NO DECISIONS. THEY AGREED THAT THERE SHOULD BE FURTHER STUDY OF COMMUNITY POSITIONS ON: (1) NUCLEAR SUPPLY AS AN ALTERNATIVE TO OIL IMPORTS (TAKING INTO ACCOUNT INCREASED DEMAND AND REDUCED SUPPLY OVER THE PAST FIVE YEARS); (2) REPROCESSING; (3) WASTE MANAGEMENT (ESPECIALLY ENVIRONMENTAL ASPECTS); (4) FAST-BREEDER REACTORS; (5) NUCLEAR FUEL ACCOUNTABILITY; (6) COSTS OF NUCLEAR GENERATION OF ELECTRICITY; (7) SAFETY AND SUPERVISION PROBLEMS; AND (8) MEASURES TO REASSURE PUBLIC OPINION WITH RESPECT TO DEVELOPMENT OF NUCLEAR POWER. THE COMMISSION IS TO DEVOTE PRIORITY ATTENTION TO THESE SUBJECTS.

(B) NUCLEAR SAFETY: THE MINISTERS BRIEFLY DISCUSSED AN ECONOMIC AND SOCIAL COMMITTEE STUDY ON A COMMUNITY NUCLEAR SAFETY CODE. DEBATE CENTERED ON TWO OPTIONS - HARMONIZATION OF NATIONAL MEASURES VERSUS ADOPTION OF A STRICT CODE OF CONDUCT - AND, ALTHOUGH NO FORMAL HEAD COUNT WAS TAKEN, A UK PERM REP OFFICIAL HAS TOLD US IT WAS "QUITE CLEAR" THAT THE HARMONIZATION OPTION WAS PREFERRED.

4. COAL

(A) MONITORING OF IMPORTS: BECAUSE THE COMMISSION'S

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BRUSSE 06298 02 OF 03 171820Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NRC-05
GSA-02 /103 W

-----171831Z 118010 /43

R 171800Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0337
INFO ALL EC CAPITALS
ERDA GERMANTOWN
ERDA WASHDC

C O N F I D E N T I A L SECTION 02 OF 03 BRUSSELS 06298

WORK ON A REVISED PROPOSAL FOR MORE TIMELY AND COMPRE-
HENSIVE REPORTING BY MEMBER STATES ON COAL IMPORTS
(REFTEL A) HAD NOT BEEN COMPLETED, THE COUNCIL TOOK NO
ACTION ON THIS FILE. PERM REP OFFICIALS EXPECT THAT THE
PROPOSAL CAN BE ADOPTED AS AN A-POINT IN THE NEAR FUTURE.

(B) GENERATION OF ELECTRICITY: ACCORDING TO A UK
PERM REP OFFICIAL, THERE WAS A "PHILOSOPHICAL" DISCUSSION
OF THE PURPOSE OF THE COMMISSION'S PROPOSAL FOR A
REGULATION TO HELP FINANCE GREATER USE OF COAL FOR
ELECTRIC POWER GENERATION (REFTEL B); DIFFERENCES AMONG
THE MEMBER STATES ON THIS PROPOSAL PERSISTED, AND THE
FILE WAS REFERRED BACK TO COREPER. THE COAL PRODUCERS

(UK AND BELGIUM IN PARTICULAR)HOPE THAT THE COMMISSION WILL REFLECT ON THE DISCUSSION AND PRODUCE A FURTHER STUDY PUTTING PRIORITY ON REDUCED DEPENDENCE WHILE, AT THE SAME TIME, AUGMENTING EMPHASIS ON AID ASPECTS.

(C) FINANCIAL ASSISTANCE FOR COAL STOCKPILING: THE COUNCIL HELD AN INITIAL EXCHANGE OF VIEWS - PENDING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 06298 02 OF 03 171820Z

DELIVERY OF THE EUROPEAN PARLIAMENT'S OPINION - ON THE COMMISSION'S PROPOSAL CONCERNING COMMUNITY AID FOR FINANCING CYCLICAL STOCKS OF HARD COAL, COKE, AND PATENT FUEL.

5. ENERGY CRISIS MANAGEMENT

ACCORDING TO PERM REP SOURCES, THE COMMISSION'S REVISED PROPOSAL FOR REDUCTION OF COMMUNITY CONSUMPTION OF ENERGY IN THE EVENT OF PETROLEUM SUPPLY DIFFICULTIES (REFTEL A) PROVED ACCEPTABLE TO ITALY BUT RAN INTO OPPOSITION FROM OTHER MEMBER STATES. A DUTCH/GERMAN ALTERNATIVE PROPOSAL LED TO A COMPROMISE TEXT FROM THE COMMISSION, WHICH WAS ACCEPTABLE TO ALL MEMBER STATES ON ALL POINTS BUT ONE: HOW THE COUNCIL SHOULD ACT WHEN TAKING DECISIONS UNDER THIS MEASURE - BY UNANIMITY, QUALIFIED MAJORITY, OR MAJORITY. ALL BUT THE UK ARE AGREED ON QUALIFIED MAJORITY VOTING; BUT, ACCORDING TO A UK PERM REP OFFICIAL, HMG VIEWS UNANIMITY AS "THE ONLY REALISTIC OPTION." THE COUNCIL AGREED THAT THE UK SHOULD DEFINE ITS POSITION FURTHER IN COREPER.

6. REFINERY PROBLEM

(A) COMMISSION PROPOSALS: THE COMMISSION'S RECOMMENDATIONS TO THE COUNCIL FOR A COMMUNITY APPROACH TO ALLEVIATION OF THE EC PETROLEUM INDUSTRY'S REFINERY OVERCAPACITY ARE BASED ON THREE OBJECTIVES: .

--REDUCTION OF SURPLUS DISTILLATION CAPACITY;

--ADAPTATION OF REFINING STRUCTURE TO MARKET REQUIREMENTS;

--AND LIMITING IMPORTS OF REFINED PETROLEUM PRODUCTS FROM THIRD COUNTRIES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRUSSE 06298 02 OF 03 171820Z

IN ORDER TO SOLVE PROBLEM OF SURPLUS
DISTILLATION CAPACITY, THE COMMISSION RECOMMENDS
WITHDRAWAL FROM SERVICE OF SOME 140 MILLION TONS PER
YEAR OF DISTILLATION PLANT CAPACITY (16.5 OF TOTAL
EXISTING CAPACITY), THROUGH A STANDSTILL ON NEW
CONSTRUCTION (WITH EXCEPTIONS GRANTED ONLY AFTER CON-
SULTATION AT THE COMMUNITY LEVEL) AND SHUTDOWN OF
MARGINAL AND/OR LESS EFFICIENT PLANTS. THE COMMISSION
VIEWS THIS AS PRIMARILY A TASK FOR THE INDUSTRY, WITH
COMMUNITY-LEVEL MONITORING. RECTIFICATION OF THE
IMBALANCE BETWEEN REFINERY CAPACITY AND MARKET DEMAND
WOULD REQUIRE, IN THE COMMISSION VIEW, CONSTRUCTION OF
ADDITIONAL CONVERSION CAPACITY OF BETWEEN 8 AND 12 MIL-
LION TONS PER YEAR GASOLINE OUTPUT, AT AN ESTIMATED COST
OF 2 TO 3 BILLION 1976 U.S. DOLLARS. THIS TOO IS SEEN
AS A TASK FOR INDUSTRY, WITH COMMUNITY MONITORING.
GROWING COMPETITION FROM EXPORT REFINERIES PLANNED IN
THIRD COUNTRIES SHOULD, IN THE COMMISSION VIEW, BE MET
BY A POLICY BASED ALONG THE FOLLOWING LINES:

--ESTABLISHING INDICATIVE MEDIUM-TERM IMPORT
FORECASTS,

--SETTING UP AN INTRA-EC SYSTEM FOR INFORMATION AND
CONSULTATION,

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BRUSSE 06298 03 OF 03 171821Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NRC-05
GSA-02 /103 W

-----171830Z 118065 /43

R 171800Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0338
INFO ALL EC CAPITALS
ERDA GERMANTOWN
ERDA WASHDC

C O N F I D E N T I A L SECTION 03 OF 03 BRUSSELS 06298

--IF NECESSARY, APPLYING COMMERCIAL POLICY MEASURES.

(B) ALTHOUGH THERE WAS GENERAL AGREEMENT IN THE COUNCIL ON THE NEED FOR MONITORING IMPORTS OF REFINED PETROLEUM PRODUCTS, AGREEMENT ON THE PACKAGE WAS (ACCORDING TO PERM REP SOURCES) HELD UP BY CONTINUED UK/IRISH OPPOSITION TO RESTRICTIONS ON BUILDING OF NEW REFINERIES AND FRENCH INSISTENCE THAT THE PACKAGE BE CONSIDERED AS A WHOLE. THE FILE HAS BEEN REFERRED BACK TO COREPER.

7. ENERGY INVESTMENT AND MSP

THERE WAS LITTLE DISCUSSION OF THE COMMISSION'S PROPOSALS ON DEVELOPMENT AND PROTECTION OF ENERGY INVESTMENT, MSP, AND FINANCIAL AID FOR PROJECTS TO EXPLOIT ALTERNATIVE SOURCES OF ENERGY. ALL WERE REFERRED BACK TO COREPER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 06298 03 OF 03 171821Z

8. RATIONAL USE OF ENERGY

THE MINISTERS DID NOT DISCUSS ANY OF THREE DRAFT RECOMMENDATIONS OR TWO DRAFT DIRECTIVES FROM THE COMMISSION ON RATIONAL USE OF ENERGY, ALL OF WHICH MUST FIRST BE STUDIED AT THE EXPERTS LEVEL.HINTON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, POLICIES, MEETING REPORTS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRUSSE06298
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770217-0374
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770647/aaaabowj.tel
Line Count: 312
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2c11fc7a-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 BRUSSELS 5961, 77 EC BRUSSELS 5145
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2117362
Secure: OPEN
Status: NATIVE
Subject: EC ENERGY COUNCIL, JUNE 14, 1977: RESULTS
TAGS: ENRG, TECH, EEC
To: STATE USOECD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2c11fc7a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009